

## **The complaint**

Ms R's complained about the way Zurich Insurance PLC have dealt with repairs to her property following a fire.

## **What happened**

The details of the complaint are well known to both parties so I won't set them out in detail here. But, to summarise, Ms R owns a property which she uses as a second/holiday home for herself and her friends and family. At the time the claim arose, the property was insured with Zurich on this basis.

In summer 2022, the property was extensively damaged by a fire started by a contractor doing works. So Ms R made a claim on the policy. Contractors appointed to deal with repairs failed to complete them satisfactorily and work needed to be repeated. This has led to delay in the claim. Ms R has also expressed concerns about several contractors for various reasons. The claim is still ongoing, with the parties discussing whether Zurich should continue to manage repairs, or whether Ms R should receive a cash settlement so she can deal with matters herself.

Ms R first complained to Zurich in late 2022. Zurich accepted their service had fallen short and offered Ms R £200 compensation. In early 2025, Ms R again complained about further delays, the service provided by Zurich and the quality of the repair works.

In their response to this second complaint, Zurich said they weren't responsible for the quality of the repairs because the contractors who did the work had been appointed by Ms R, not by them. But they did accept they'd not communicated with her as they should have done and had delayed in responding to her complaint. They offered Ms R a further £200 compensation.

Ms R wasn't satisfied this resolved her complaint and brought it to the Financial Ombudsman Service. Our investigator reviewed the information provided by both parties and concluded Zurich needed to do more to resolve matters.

She noted that Ms R hadn't referred her first complaint to our service within six months of receiving Zurich's final response in December 2022. So she said we had no jurisdiction to consider that complaint – only the second complaint Ms R had made. In respect of that second complaint, she was satisfied there had been delays – during which time the property had deteriorated. And that the repair work which had been done hadn't been adequate.

While she noted that Ms R had had input into the choice of contractor who'd done the work, she said the claim hadn't been settled on the basis she would take over responsibility for repairs and the contractor had been appointed by Zurich. So she said they should rectify the poor work. And they should increase the compensation awarded in relation to the second complaint from £200 to £750.

Zurich agreed with the investigator's view. Ms R didn't. So I've been asked to make a final decision.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done that, I'm upholding Ms R's complaint, for broadly the same reasons as our investigator set out. I'll explain why in more detail. I'll do so, focusing on the points and evidence I consider material to my decision. So if I don't mention something in particular, it's not because I haven't thought about it. Rather, it doesn't change the outcome of the complaint.

Zurich have accepted the investigator's view. So I'll focus on Ms R's response to the view and why I'm not persuaded to change what the investigator said. And I'll only focus on the second complaint, because the investigator was right when she said the first complaint fell outside our jurisdiction.

I can understand Ms R's concerns. She made a claim in the belief that her property would be restored to its pre-claim state. That hasn't happened and works have had to be re-done. She's told our investigator that she'd like to cash settle and deal with repairs herself as she lacks faith in the contractors Zurich may appoint because of what's happened. But she's worried that repairs might cost more than estimated and wants to be able to go back to Zurich for further funds in that situation, or make a settlement that includes a "buffer" against this.

I've considered this, but it's not something I can reasonably direct that Zurich do. When something has gone wrong, my role is to decide what needs to happen to put that right. The starting point for that is to look at what should have happened.

If nothing had gone wrong here, Zurich's contractors would have completed repairs to a good standard. The policy means they bear the cost of doing that. Because the work wasn't completed to that standard, I agree with our investigator that Zurich should also bear the cost of corrective or additional work which was needed. Zurich have accepted this is the case.

But I can't say Zurich should do more than that. Insurance policies provide an indemnity against repair costs – that's to say, they cover costs a policyholder would otherwise have to pay themselves. It wouldn't be fair for me to say Zurich should pay Ms R more than this, as this would go beyond indemnifying her and give her an additional lump sum.

I note Zurich have asked Ms R for quotes for getting the repairs and rectification work done and are waiting to have a site meeting with her and her representatives to discuss these. That's what I'd expect them to do. I think the fairest resolution for both parties is to agree the scope of works, and for Zurich to make a cash settlement offer to Ms R, based on quotes she's obtained. Alternatively, if Ms R isn't comfortable with accepting a cash settlement on that basis, I'd expect Zurich to arrange for the work to be done by their own contractors.

I appreciate Ms R is wary about how to progress the claim, based on her experience to date. But our service can't dictate to an insurer how they should manage a claim. So it's for the parties to agree how to take matters forward. If further issues arise, Ms R will be able to make a fresh complaint about them. And while I understand why Ms R would like us to do more, I can't make any award or direction in respect of what might happen in the future – only what has happened.

Ms R has also said that she doesn't think £750 adequately compensates her for what has happened. She says Zurich and their contractors have increased the damage to her property, she's been stressed and worried by what happened and has had to incur surveyor's costs to support her concerns.

I don't doubt the stress and worry Ms R has been caused by what has happened. But we can't award damages. As I've said above, Zurich need either to repair, or pay for repairs to, the property – including any additional damage that has resulted from how they've handled the claim. So Ms R's property should be restored to its pre-claim state. I don't think it's fair to say they should also increase the compensation they pay Ms R as well.

And I think the award of compensation is in line with our published guidance. This says an award of between £300 and £750 is appropriate where a customer has been:

*"...caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months...."*

I think it's fair to say what's happened has had that level of impact on Ms R and it's reasonable to make an award at the top end of that category. So that's why I think Zurich should pay Ms R a total of £750 (inclusive of the £200 previously offered to resolve her complaint).

### **My final decision**

For the reasons I've explained, I'm upholding Ms R's complaint about Zurich Insurance PLC and directing Zurich to pay her £750 compensation, inclusive of the £200 offered in their final response letter sent in February 2025.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 19 March 2026.

Helen Stacey  
**Ombudsman**